

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 NEA-10 ISO-00 SP-02 USIA-15

AID-05 NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 DOTE-00 PA-02 PRS-01

IGA-02 /117 W

-----141644Z 064162 /41

R 141309Z JUN 77

FM AMEMBASSY MANAMA BAHRAIN

TO SECSTATE WASHINGTON DC 4764

INFO AMEMBASSY ABU DHABI UAE

AMEMBASSY DOHA QATAR

AMCONSUL DHAHRAN SAUDI ARABIA

USINT BAGHDAD IRAQ

AMEMBASSY JIDDA SAUDI ARABIA

AMEMBASSY KUWAIT KUWAIT

AMEMBASSY LISBON PORTUGAL

AMEMBASSY SEOUL KOREA

AMEMBASSY TEHRAN IRAN

AMEMBASSY TRIPOLI LIBYA

UNCLAS MANAMA 1262

E.O. 11652: N/A

TAGS : EWWT, EINV, ELAB, BA, XF

ASUBJECT : ARAB SHIPBUILDING AND REPAIR YARD: PROJECT ON
SCHEDULE BUT WHO WILL USE IT AND MAN IT?

REF : MANAMA 1019

1. THE LARGE, OAPEC-OWNED ARAB SHIPBUILDING AND REPAIR YARD
(ASRY) FACILITY IN BAHRAIN IS EXPECTED TO BE FORMALLY
OPENED IN DECEMBER 1977. ON MAY 15 THE MAIN DRYDOCK AREA
(375 METRES BY 75 METRES WITH 15 METRES DEPTH) WAS FLOODED
FOR THE FIRST TIME, AMIDST GREAT LOCAL PUBLICITY. HYUNDAI
CONSTRUCTION COMPANY OF KOREA HAS MAINTAINED AN ENVIABLE,
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ALSO POSSIBLY UNIQUE, RECORD ON THE PROJECT: IT IS
APPROXIMATELY TWO MONTHS AHEAD OF ITS CONSTRUCTION SCHEDULE.

2. THE ORIGINAL \$138 MILLION CONCEPT REPORTEDLY HAS BECOME
A \$320 MILLION PROJECT. THERE ALREADY IS SOME INTERNAL
DISCUSSION ABOUT EXPANDING THE PROJECT TO INCLUDE TWO MORE
DRYDOCKS (ATTACHED TO THE MAIN STRUCTURE ON THE MAN-MADE

ISLAND NEAR THE BAHRAIN INTERNATIONAL AIRPORT). THE TWO CONVENTIONAL BERTHS WHICH ARE A SMALL PART OF THE TOTAL PROJECT WERE USED FOR OFFLOADING COMMERCIAL VESSELS FOR THE PAST SEVERAL MONTHS, UNTIL THE RECENT CLEARING OF THE BACKLOG AT THE COMMERCIAL PORT.

3. TWO MAJOR PROBLEMS ARE OUTSTANDING WITH REGARD TO THE ENTIRE PROJECT. THE FIRST IS THE STILL DEBATED QUESTION OF WHETHER THE BAHRAIN DRYDOCK WILL BE COMMERCIALY COMPETITIVE IN A SERIOUS SENSE (AS DISTINCT FROM SOMETHING WHICH CAN BE KEPT GOING BY REGULAR RECEIPT OF GRANTS AND LOANS FROM OWNERS/INVESTORS). THE PROFESSIONAL MANAGEMENT OF THE DRYDOCK, WHO ARE PORTUGUESE OF THE LISNAVE FIRM, ARE PUBLICLY OPTIMISTIC, PRIVATELY INCREDULOUS IN THIS REGARD. IN THE FIRST INSTANCE THEY ARE CONCERNED ABOUT THE DUPLICATION OF DRYDOCK FACILITIES UNDER CONSTRUCTION CURRENTLY IN DUBAI AND IN IRAN (BANDAR ABBAS). IN THE SECOND INSTANCE THEY WONDER IF ANY INTERNATIONAL SHIPPING LINES (EXCLUDING FOR THE MOMENT THE OAPEC-OWNED SHIPS AND THOSE OF THE UNITED ARAB SHIPPING LINES) WILL CHOOSE TO USE THE BAHRAIN (OR ANY OTHER GULF) FACILITY FOR OTHER THAN EMERGENCY OR MINOR JOBS. THEY EXPECT THAT NON-SUBSIDIZED COSTS WILL BE REFLECTED IN RATES THAT WOULD RANGE FROM 25-40 PERCENT HIGHER THAN THOSE IN SINGAPORE AND EUROPE.

4. THE SECOND MAJOR PROBLEM IS ONE OF MANPOWER. WHEN THE DRYDOCK WAS BEING PROPOSED IN THE LATE 1960'S, OFFICIAL BAHRAINIS PREDICTED AND EXPECTED A SIZEABLE NUMBER OF UNEMPLOYED BAHRAINI YOUTH COMING INTO THE LABOR MARKET BY 1975-76.

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THE ESTABLISHMENT OF THE DRYDOCK, AS WELL AS THE ALUMINIUM BAHRAIN SMELTER, WERE ACTIVELY PURSUED BY ECONOMIC AND SOCIAL PLANNERS IN THE GOVERNMENT BECAUSE OF THEIR CONCERNS ABOUT FUTURE UNEMPLOYMENT. NOW, AS IS COMMON ELSEWHERE IN THE GULF, EVERY NEW PROJECT AND MOST CONSTRUCTION NECESSITATES THE IMPORTATION OF LABOR. SO IT WILL BE WITH THE DRYDOCK. THE TRAINING PROGRAM FOR GULF ARABS, BEGUN WITH SOME ENTHUSIASM IN LATE 1974, HAS PROVED A BUST. ARAB YOUTH HAVE NOT BEEN INTERESTED IN LONG TRAINING PERIODS, WITH ONLY SUBSISTENCE ALLOWANCES PAID, AND THE PORTUGUESE INSTRUCTORS HAVE BEEN FRUSTRATED, AND PROBABLY INCOMPETENT, IN COMMUNICATING THE REQUIRED SKILLS THROUGH THE ENGLISH MEDIUM, ALIEN AS IT IS TO BOTH INSTRUCTOR AND STUDENT. THERE HAVE BEEN THREE STUDENT TRAINEE STRIKES AT THE ASRY SCHOOL SINCE ITS INCEPTION AND MOST OF THE TRAINEES HAVE IN FACT DECAMPED, TAKING UP OTHER READILY AVAILABLE EMPLOYMENT. IN AN INSTITUTION WHICH IS EXPECTED TO EMPLOY MORE THAN TWO THOUSAND, THERE ARE CURRENTLY LESS THAN SEVENTY ARABS UNDER TRAINING. IN SUM, THE MANAGEMENT NOW ANTICIPATES BRINGING IN A TOTAL WORKFORCE

FROM OUTSIDE THE GULF, POSSIBLY FROM SINGAPORE OF GREECE/
PORTUGAL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SHIPBUILDING INDUSTRY, INDUSTRIAL DEVELOPMENT, PROGRESS REPORTS
Control Number: n/a
Copy: SINGLE
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Decaption Note:
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Disposition Comment:
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Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
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From: MANAMA
Handling Restrictions: n/a
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Litigation History:
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Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 MANAMA 1019
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2163471
Secure: OPEN
Status: <DBA CHANGED> mcm 20041104
Subject: CONSTRUCTION
TAGS: EWWT, EINV, ELAB, BA, XF
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c19bc97d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009